

## Auditing Procedures Report

Issued under P.A. 2 of 1968, as amended.

Local Government Type <input type="checkbox"/> City <input checked="" type="checkbox"/> Township <input type="checkbox"/> Village <input type="checkbox"/> Other		Local Government Name <b>Charter Township of China</b>	County <b>St. Clair</b>
Audit Date <b>12/31/04</b>	Opinion Date <b>6/28/05</b>	Date Accountant Report Submitted to State: <b>6/30/05</b>	

We have audited the financial statements of this local unit of government and rendered an opinion on financial statements prepared in accordance with the Statements of the Governmental Accounting Standards Board (GASB) and the *Uniform Reporting Format for Financial Statements for Counties and Local Units of Government in Michigan* by the Michigan Department of Treasury.

We affirm that:

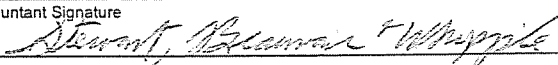
1. We have complied with the *Bulletin for the Audits of Local Units of Government in Michigan* as revised.
2. We are certified public accountants registered to practice in Michigan.

We further affirm the following. "Yes" responses have been disclosed in the financial statements, including the notes, or in the report of comments and recommendations

You must check the applicable box for each item below.

- ☐ Yes ☒ No 1. Certain component units/funds/agencies of the local unit are excluded from the financial statements.
- ☐ Yes ☒ No 2. There are accumulated deficits in one or more of this unit's unreserved fund balances/retained earnings (P.A. 275 of 1980).
- ☒ Yes ☐ No 3. There are instances of non-compliance with the Uniform Accounting and Budgeting Act (P.A. 2 of 1968, as amended).
- ☐ Yes ☒ No 4. The local unit has violated the conditions of either an order issued under the Municipal Finance Act or its requirements, or an order issued under the Emergency Municipal Loan Act.
- ☐ Yes ☒ No 5. The local unit holds deposits/investments which do not comply with statutory requirements. (P.A. 20 of 1943, as amended [MCL 129.91], or P.A. 55 of 1982, as amended [MCL 38.1132]).
- ☐ Yes ☒ No 6. The local unit has been delinquent in distributing tax revenues that were collected for another taxing unit.
- ☐ Yes ☒ No 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded and the overfunding credits are more than the normal cost requirement, no contributions are due (paid during the year).
- ☐ Yes ☒ No 8. The local unit uses credit cards and has not adopted an applicable policy as required by P.A. 266 of 1995 (MCL 129.241).
- ☐ Yes ☒ No 9. The local unit has not adopted an investment policy as required by P.A. 196 of 1997 (MCL 129.95).

We have enclosed the following:	Enclosed	To Be Forwarded	Not Required
The letter of comments and recommendations.		✓	
Reports on individual federal financial assistance programs (program audits).			✓
Single Audit Reports (ASLGU).			✓

Certified Public Accountant (Firm Name) <b>Stewart, Beauvais &amp; Whipple PC</b>			
Street Address <b>1979 Holland Avenue</b>	City <b>Port Huron</b>	State <b>MI</b>	ZIP <b>48060</b>
Accountant Signature 		Date <b>6/30/05</b>	

**CHARTER TOWNSHIP OF CHINA, MICHIGAN**

**ANNUAL FINANCIAL REPORT  
with Supplementary Information**

**FOR THE YEAR ENDED  
DECEMBER 31, 2004**

Stewart,  
Beauvais  
& Whipple P.C.

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CERTIFIED PUBLIC ACCOUNTANTS



# CHARTER TOWNSHIP OF CHINA, MICHIGAN

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the Board of the  
Charter Township of China  
St. Clair County, Michigan

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of China, Michigan, as of and for the year ended December 31, 2004, which collectively comprise the Township's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Charter Township of China's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Charter Township of China, Michigan, as of December 31, 2004, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As discussed in Note 15 to the basic financial statements, the Township adopted Governmental Accounting Statement Board Statement No. 34 and related statements as of and for the year ended December 31, 2004. This resulted in a change in the Township's basic financial statement format and content.

The Management's Discussion and Analysis on pages 3 through 7, and schedules of budgetary comparisons on pages 35 and 37 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Charter Township of China's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements have been subjected to the auditing procedure applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script, reading "Stewart Beausaint Whipple".

Certified Public Accountants

June 28, 2005

### OVERVIEW OF THE FINANCIAL STATEMENTS

The Charter Township of China's 2004 annual report is presented in conformity with the requirements of GASB 34. This annual report consists of four parts – management's discussion and analysis, the basic financial statements, required supplementary information, and other supplemental information, which presents combining statements for nonmajor governmental funds. The basic financial statements include two kinds of statements that present different views of the Township. The first two statements are government-wide financial statements that provide both long-term and short-term information about the Township's overall financial status. The remaining statements are fund financial statements that focus on individual parts of the Township's government, reporting the Township's operations in more detail than the government-wide statements.

#### *Government-wide Financial Statements*

The government-wide statements report information about the Township as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Assets includes all of the government's assets and liabilities. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two government-wide statements report the Township's net assets and how they have changed. Net assets, defined as the difference between the Township's assets and liabilities, are one way to measure the Township's financial health or position.

The government-wide financial statements of the Township are divided into two categories:

**Governmental activities** – most of the Township's basic services are included here, such as the police, fire, public works, and general administration. Property taxes, state-shared revenue, and charges for services, provide most of the funding.

**Business-type activities** – the Township charges fees to customers to help it cover the costs of certain services it provides. The Township's water and sewer operations are treated as business-type activities.

#### *Fund Financial Statements*

The fund financial statements provide more detailed information about the Township's most significant funds; not the Township as a whole. Funds are accounting devices that the Township uses to keep track of specific sources of funding and spending for particular purposes. Some funds are required by State law and/or by bond covenants. The Township Board establishes other funds to control and manage money for particular purposes.

The Township has three kinds of funds:

**Governmental Funds** - Most of the Township's basic services are included in governmental funds, which focus on how cash and other financial assets can readily be converted to cash flow in and out, and the balances left at year end that are available for spending. The governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Township's programs.

**Proprietary Funds** – are used to report services for which the Township charges customers a fee for those services. The Township has two enterprise funds, the Water and Sewer Funds.

**Fiduciary Funds** – The Township is responsible for ensuring that the assets reported in these funds are used for their intended purposes. All of the Township’s fiduciary activities are reported in a separate statement of assets and liabilities. We exclude these activities from the Township’s government-wide financial statements because the Township cannot use these assets to finance its operations.

## **FINANCIAL OVERVIEW (Government-wide financial analysis)**

The Township has combined total net assets of \$8,388,490. This is an increase of \$354,310 over 2003. Government-type activities comprise \$4,866,895, and business-type activities make up \$3,521,595 of the total net assets. In a condensed format, the table below shows net assets as of the December 31, 2004. Future reports will provide comparative data.

### **In Thousands**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>
<b>Assets</b>			
Current assets	\$ 4,681	\$ 1,172	\$ 5,853
Restricted assets	-	555	555
Noncurrent assets	<u>1,266</u>	<u>4,572</u>	<u>5,838</u>
Total assets	<u>5,947</u>	<u>6,299</u>	<u>12,246</u>
<b>Liabilities</b>			
Current liabilities	1,080	83	1,163
Liabilities payable from			
Restricted assets	-	130	130
Long-term liabilities	<u>-</u>	<u>2,564</u>	<u>2,564</u>
Total liabilities	<u>1,080</u>	<u>2,777</u>	<u>3,857</u>
<b>Net Assets</b>			
Invested in capital assets –			
Net of related debt	1,266	1,825	3,091
Restricted	1,708	545	2,253
Unrestricted	<u>1,893</u>	<u>1,152</u>	<u>3,045</u>
Total net assets	<u>\$ 4,867</u>	<u>\$ 3,522</u>	<u>\$ 8,389</u>

The Township governmental activities experienced a net change in assets of \$264,205. The main reason is that the general fund experienced revenues over expenditures of \$242,208.

The following table shows the changes in net assets for 2004. Future reports will provide comparative data for the statement of activities.

<b>In Thousands</b>	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
<b>Revenue</b>			
Program revenue:			
Charges for services	\$ 95	\$ 216	\$ 311
Operating grants and contributions	103	-	103
Capital grants and contributions	-	44	44
General revenue:			
Property taxes	907	176	1,083
Unrestricted grants	219	-	219
Unrestricted investment earnings	45	14	59
Total Revenue	<u>1,369</u>	<u>450</u>	<u>1,819</u>
<b>Program Expenses</b>			
General government	495	-	495
Public safety	264	-	264
Public works	273	-	273
Recreation and cultural	73	-	73
Water and sewer	-	360	360
Total Program Expenses	<u>1,105</u>	<u>360</u>	<u>1,465</u>
<b>Changes in net assets</b>	<u>\$ 264</u>	<u>\$ 90</u>	<u>\$ 354</u>

### ***Governmental Activities***

Revenues for governmental activities totaled \$1,368,638 in 2004. Of this amount, \$907,028 was received from taxes, which was an increase of \$25,646 from the prior year. The next largest revenue sources was state revenue \$219,054, a decrease of \$20,247 from the prior year.

### ***Business-type Activities***

The Township has two business-type activities, the water and sewer operations. Total revenues including taxes and interest income were \$450,755 and expenses were \$360,650 for a change in net assets of \$9,105. The tax revenue of \$176,467 was to pay contracted debt for the construction of the Township's share of a water plant.



## FINANCIAL ANALYSIS OF MAJOR TOWNSHIP FUNDS AND BUDGETS

### *Governmental Fund*

The General fund ended 2004 with a fund balance of \$1,852,405, with \$2,525 reserved for prepaid expenditures and the remaining balance of \$1,849,880 unreserved/undesignated. The general fund balance increased \$275,509 rather than decreasing \$653,430 as budgeted from the prior year mainly as a result of the expenditures being \$483,054 less than budgeted, and transfer out being \$400,000 less than budgeted. The Township's other major governmental fund (Fire Fund) has revenues in excess of expenditures of \$27,540 due to special assessment collections exceeding contract payments for fire protection.

The General Fund budget was amended during the year as deemed necessary, primarily to prevent over expenditure. The following significant amendments were made during the year.

- The budget for payments to the county road commission was reduced \$902,000 as a result of road projects not materializing. There were no other material amendments to the budget.

### *Business-type Activities*

As indicated earlier the Township only has two business-type activities, the water and sewer operations. Total revenues amounted to \$450,755 for 2004 and expenses were \$360,650 for an increase in net assets of \$9,105.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

### *Capital Assets*

The Township had \$5,832,384 invested in capital assets for its government and business-type activities (net of accumulated depreciation) as of December 31, 2004. The investment in capital assets includes land, land improvements, buildings and improvements, equipment, water plant and lines, and sewer lines. During the year the Township added \$78,417 of capital assets, \$22,162 in the government activities and \$56,255 in the business-type activities. Of the governmental activities, \$18,140 was for a walk path and \$4,022 for bleachers for the parks. Most of the business-type activities were a result of replacing water plant modules.

	Governmental Activities	Business-type Activities	Total
Land	\$ 195,522	\$ 8,584	\$ 204,106
Land improvements	1,082,696	-	1,082,696
Building and Improvements	120,263	-	120,263
Equipment	8,619	-	8,619
Water and sewer	-	5,867,080	5,867,080
	1,407,100	5,875,664	7,282,764
Accumulated depreciation	( 141,391)	( 1,308,989)	( 1,450,380)
	<u>\$ 1,265,709</u>	<u>\$ 4,566,675</u>	<u>\$ 5,832,384</u>

Additional information on the Township's capital assets can be found in Note 5.

### ***Long-Term Debt***

At December 31, 2004 the Township's had \$2,741,634 in long-term debt compared to \$2,916,228 at December 31, 2003, a decrease of \$174,544 from the prior year. The following table shows the long-term debt at December 31, 2004:

	<u>Business-Type Activities</u>
Sewage Disposal System Contract Payable	\$ 45,568
Environmental Quality Bond Contract Payable	2,266,066
Special Assessment Bonds	<u>430,000</u>
	<u>\$ 2,741,634</u>

### **ECONOMIC FACTORS AND NEXT YEARS BUDGET**

For 2005, the Township Board adopted a general fund budget with estimated revenues of \$1,280,317 and expenditures of \$2,350,092, and will result in a reduction of \$1,069,775 in fund balance. Although local municipalities in the State of Michigan have seen State Shared Revenues decrease significantly during the past few years, the 2005 budget does not anticipate any significant cuts. The increase in expenditures is expected to be the result of anticipated road projects.

### **CONTACTING THE TOWNSHIP**

This financial report is designed to provide a general overview of the Township's finances to our residents and other interested parties in understanding the Township's financial condition. If you have questions about this report or need additional financial information, please contact the Township at (810) 765-1145.

## **BASIC FINANCIAL STATEMENTS**

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**STATEMENT OF NET ASSETS**  
**DECEMBER 31, 2004**

	Primary Government		
	Governmental Activities	Business Type Activities	Total
<b>ASSETS:</b>			
Cash and cash equivalents	\$ 2,318,139	\$ 1,125,797	\$ 3,443,936
Investments	1,226,343	-	1,226,343
Receivables (net of allowance)	1,018,988	42,858	1,061,846
Prepaid items	43,522	-	43,522
Internal balances	(3,000)	3,000	-
Due from other governmental units	77,167	-	77,167
Restricted Assets -			
Cash and cash equivalents	-	83,079	83,079
Property taxes	-	179,319	179,319
Special assessments receivable	-	292,898	292,898
Capital assets (net of accumulated depreciation)			
Assets not being depreciated	195,522	8,584	204,106
Assets being depreciated	1,070,187	4,558,091	5,628,278
Other Assets	-	5,000	5,000
Total Assets	<u>5,946,868</u>	<u>6,298,626</u>	<u>12,245,494</u>
<b>LIABILITIES:</b>			
Payables and accrued liabilities	58,265	10,811	69,076
Accrued interest	-	1,037	1,037
Advances and deposits	2,720	-	2,720
Due to other governmental units	-	11,315	11,315
Deferred revenue	1,018,988	1,875	1,020,863
Contract payable	-	58,416	58,416
Liabilities Payable From Restricted Assets			
Bonds payable (current)	-	119,390	119,390
Accrued interest	-	10,359	10,359
Non-current liabilities			
Due in more than one year	-	2,563,828	2,563,828
Total Liabilities	<u>1,079,973</u>	<u>2,777,031</u>	<u>3,857,004</u>
<b>NET ASSETS:</b>			
Investment in capital assets, net of related liabilities	1,265,709	1,825,041	3,090,750
Restricted	1,707,784	544,937	2,252,721
Unrestricted	1,893,402	1,151,617	3,045,019
Total Net Assets	<u>\$ 4,866,895</u>	<u>\$ 3,521,595</u>	<u>\$ 8,388,490</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**  
**STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Change in Net Assets		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary Government		
					Governmental Activities	Business Type Activities	Total
<b>Primary Government</b>							
Governmental activities:							
General Government	\$ 494,522	\$ 44,599	\$ -	\$ -	\$( 449,923)	\$ -	\$( 449,923)
Public Safety	264,355	50,482	85,381	-	( 128,492)	-	( 128,492)
Public Works	273,149	-	4,894	-	( 268,255)	-	( 268,255)
Recreation and Culture	72,407	-	12,067	-	( 60,340)	-	( 60,340)
Total governmental activities	1,104,433	95,081	102,342	-	( 907,010)	-	( 907,010)
Business type activities							
Utilities (Water/Sewer)	360,650	215,882	-	44,412	-	( 100,356)	( 100,356)
Total Primary Government	1,465,083	310,963	102,342	44,412	( 907,010)	( 100,356)	( 1,007,366)
General revenues:							
Property taxes					907,028	176,467	1,083,495
Grants and contribution not-restricted to specific programs					219,054	-	219,054
Unrestricted investment income					45,133	13,994	59,127
Total general revenues and transfers					1,171,215	190,461	1,361,676
Change in net assets					264,205	90,105	354,310
Net assets at beginning of year as restated					4,602,690	3,431,490	8,034,180
Net assets at end of year					\$ 4,866,895	\$ 3,521,595	\$ 8,388,490

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**

**St. Clair County, Michigan**

**BALANCE SHEET  
GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	<u>General</u>	<u>Fire</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
<b>Current assets -</b>				
Cash and cash equivalents	\$ 1,708,983	\$ -	\$ 609,156	\$ 2,318,139
Investments	-	1,226,343	-	1,226,343
Receivables -				
Property taxes	933,218	-	-	933,218
Special assessments	-	85,770	-	85,770
Due from other governmental units	77,167	-	-	77,167
Due from other funds	121,462	-	2,000	123,462
Prepays	2,525	40,997	-	43,522
Total Assets	<u>\$ 2,843,355</u>	<u>\$ 1,353,110</u>	<u>\$ 611,156</u>	<u>\$ 4,807,621</u>
<b>Liabilities:</b>				
Accounts payable	41,973	-	8,253	50,226
Accrued liabilities	8,039	-	-	8,039
Advances and deposits	2,720	-	-	2,720
Due to other funds	5,000	9,274	112,188	126,462
Deferred revenue	<u>933,218</u>	<u>85,770</u>	<u>-</u>	<u>1,018,988</u>
Total Liabilities	<u>990,950</u>	<u>95,044</u>	<u>120,441</u>	<u>1,206,435</u>
<b>Fund Balances:</b>				
Reserved -				
Prepaid expenditures	2,525	40,997	-	43,522
Unreserved -				
Undesignated -				
General Fund	1,849,880	-	-	1,849,880
Special Revenue Funds	<u>-</u>	<u>1,217,069</u>	<u>490,715</u>	<u>1,707,784</u>
Total Equity	<u>1,852,405</u>	<u>1,258,066</u>	<u>490,715</u>	<u>3,601,186</u>
Total Liabilities and Fund Balance	<u>\$ 2,843,355</u>	<u>\$ 1,353,110</u>	<u>\$ 611,156</u>	<u>\$ 4,807,621</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**

**St. Clair County, Michigan**

**RECONCILIATION OF FUND BALANCES ON THE BALANCE SHEET FOR  
GOVERNMENTAL FUNDS TO NET ASSETS OF GOVERNMENTAL ACTIVITIES  
ON THE STATEMENT OF NET ASSETS  
DECEMBER 31, 2004**

Fund Balances - total governmental funds	\$ 3,601,186
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	
Capital assets	1,407,100
Accumulated depreciation	<u>( 141,391)</u>
Net Assets of governmental activities	<u>\$ 4,866,895</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA****St. Clair County, Michigan**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	General	Fire	Other Governmental Funds	Total Governmental Funds
<b>Revenues:</b>				
Taxes	\$ 907,028	\$ -	\$ -	\$ 907,028
Licenses and permits	241	-	50,482	50,723
Intergovernmental -				
Federal/State	237,786	-	-	237,786
Charges for services	3,014	83,610	-	86,624
Interest and rent	27,085	12,850	5,198	45,133
Other	41,344	-	-	41,344
Total Revenues	<u>1,216,498</u>	<u>96,460</u>	<u>55,680</u>	<u>1,368,638</u>
<b>Expenditures:</b>				
Current -				
General Government	492,643	-	-	492,643
Public Safety	134,212	75,782	54,361	264,355
Public Works	273,149	-	-	273,149
Recreation and Cultural	40,985	-	-	40,985
Total Expenditures	<u>940,989</u>	<u>75,782</u>	<u>54,361</u>	<u>1,071,132</u>
Excess of revenues over expenditures	<u>275,509</u>	<u>20,678</u>	<u>1,319</u>	<u>297,506</u>
 Fund Balances at beginning of year	 1,539,090	 1,237,388	 489,396	 3,265,874
Prior period adjustment	<u>37,806</u>	<u>-</u>	<u>-</u>	<u>37,806</u>
Fund Balance at beginning of year as restated	<u>1,576,896</u>	<u>1,237,388</u>	<u>489,396</u>	<u>3,303,680</u>
Fund Balances at end of year	<u><u>\$ 1,852,405</u></u>	<u><u>\$ 1,258,066</u></u>	<u><u>\$ 490,715</u></u>	<u><u>\$ 3,601,186</u></u>

The accompanying notes are an integral part of these financial statements.



**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGE IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
DECEMBER 31, 2004**

Net change in fund balances - total governmental funds	\$ 297,506
 Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital outlay	22,162
Depreciation expense	<u>( 55,463)</u>
Change in net assets of governmental activities	<u><u>\$ 264,205</u></u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2004**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>ASSETS</b>			
<b>Current Assets:</b>			
Cash and cash equivalents	\$ 375,695	\$ 750,102	\$ 1,125,797
Receivables -			
Accounts	15,535	27,323	42,858
Due from other funds	1,500	1,500	3,000
Restricted Assets-			
Cash and cash equivalents	83,079	-	83,079
Receivables -			
Property taxes	179,319	-	179,319
Special assessment	292,898	-	292,898
Total Current Assets	<u>948,026</u>	<u>778,925</u>	<u>1,726,951</u>
<b>Capital Assets</b>			
Property, plant and equipment			
net of accumulated depreciation	<u>3,265,281</u>	<u>1,301,394</u>	<u>4,566,675</u>
<b>Other Assets:</b>			
Deposit with authority	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Total Assets	<u>4,218,307</u>	<u>2,080,319</u>	<u>6,298,626</u>
<b>LIABILITIES AND FUND EQUITY</b>			
<b>Current Liabilities:</b>			
Accounts Payable	4,001	6,810	10,811
Accrued interest	1,037	-	1,037
Due to other governmental units -			
Local	1,846	9,469	11,315
Deferred revenue - tap in fees	1,875	-	1,875
Current portion -			
Contract payable - Bonds	12,848	45,568	58,416
Liabilities payable from restricted assets-			
Accrued interest	10,359	-	10,359
Current portion -			
Contract payable - Bonds	119,390	-	119,390
	<u>151,356</u>	<u>61,847</u>	<u>213,203</u>
<b>Long-Term Liabilities:</b>			
Contract payable - Bonds,			
net of current portion	<u>2,563,828</u>	<u>-</u>	<u>2,563,828</u>
Total Liabilities	<u>2,715,184</u>	<u>61,847</u>	<u>2,777,031</u>

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**STATEMENT OF NET ASSETS**  
**PROPRIETARY FUNDS**  
**DECEMBER 31, 2004**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Net Assets</b>			
Invested in Capital Assets, net of related liabilities	569,215	1,255,826	1,825,041
Reserved- debt service	544,937	-	544,937
Unreserved	388,971	762,646	1,151,617
Total Net Assets	<u>\$ 1,503,123</u>	<u>\$ 2,018,472</u>	<u>\$ 3,521,595</u>

Concluded

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Water</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues:</b>			
User fees	\$ 79,747	\$ 126,839	\$ 206,586
Connection fees	-	6,600	6,600
Penalties	735	1,961	2,696
Total Operating Revenues	<u>80,482</u>	<u>135,400</u>	<u>215,882</u>
<b>Operating Expenses:</b>			
Professional fees	1,995	1,993	3,988
Purchased water	59,453	-	59,453
Sewer usage	-	82,989	82,989
Depreciation	71,538	45,628	117,166
Repairs and maintenance	1,220	6,245	7,465
Meter reading and maintenance	2,420	-	2,420
Utilities	-	2,449	2,449
Other	428	295	723
Total Operating Expenses	<u>137,054</u>	<u>139,599</u>	<u>276,653</u>
Operating Loss	<u>( 56,572)</u>	<u>( 4,199)</u>	<u>( 60,771)</u>
<b>Non-Operating Revenues (Expenses):</b>			
Capital charges	20,950	-	20,950
Interest earned	5,594	8,400	13,994
Special assessments	23,462	-	23,462
Interest on debt	( 79,044)	( 4,953)	( 83,997)
Property taxes	176,467	-	176,467
Total Non Operating Revenues (Expenses)	<u>147,429</u>	<u>3,447</u>	<u>150,876</u>
Net Income (Loss)	<u>90,857</u>	<u>( 752)</u>	<u>90,105</u>
Net Assets at beginning of year	838,212	1,004,238	1,842,450
Prior Period Adjustments	<u>574,054</u>	<u>1,014,986</u>	<u>1,589,040</u>
Net Assets at beginning of year as restated	<u>1,412,266</u>	<u>2,019,224</u>	<u>3,431,490</u>
Net Assets at end of year	<u><u>\$ 1,503,123</u></u>	<u><u>\$ 2,018,472</u></u>	<u><u>\$ 3,521,595</u></u>

The accompanying notes are an integral part of these financial statements.

# CHARTER TOWNSHIP OF CHINA

St. Clair County, Michigan

## COMBINING STATEMENT OF CASH FLOWS PROPRIETARY FUNDS FOR THE YEAR ENDED DECEMBER 31, 2004

	Water	Sewer	Total
<b>Cash Flows From Operating Activities:</b>			
Receipts from customers	\$ 80,146	\$ 137,431	\$ 217,577
Payments to suppliers	( 67,087)	( 85,681)	( 152,768)
Net Cash Provided by Operating Activities	<u>13,059</u>	<u>51,750</u>	<u>64,809</u>
<b>Cash Flows From Non-Capital Financing Activities:</b>			
Due to/ due from	( 1,500)	( 1,189)	( 2,689)
Due to/ due from governments	( 13,612)	2,068	( 11,544)
Net Cash Provided (used) by Non-Capital Financing Activities	<u>( 15,112)</u>	<u>879</u>	<u>( 14,233)</u>
<b>Cash Flows From Capital and Related Financing Activities:</b>			
Acquisition and construction of capital assets	( 56,255)	-	( 56,255)
Capital charges	20,950	-	20,950
Interest collected on special assessments	23,462	-	23,462
Decrease in special assessment receivable	12,735	-	12,735
Increase in contract with County	12,848	-	12,848
Principal paid on long-term debt	( 129,026)	( 45,568)	( 174,594)
Interest paid on long-term debt	( 75,565)	( 4,953)	( 80,518)
Change in interest payable	( 3,479)	-	( 3,479)
Property taxes received	176,467	-	176,467
Net Cash Used by Capital and Related Financing Activities	<u>( 17,863)</u>	<u>( 50,521)</u>	<u>( 68,384)</u>
<b>Cash Flows From Investing Activities:</b>			
Interest received	<u>5,594</u>	<u>8,400</u>	<u>13,994</u>
Net Increase (Decrease) in cash and cash equivalents	( 14,322)	10,508	( 3,814)
Cash and cash equivalents at beginning of year	<u>473,096</u>	<u>739,594</u>	<u>1,212,690</u>
Cash and cash equivalents at end of year	<u>\$ 458,774</u>	<u>\$ 750,102</u>	<u>\$ 1,208,876</u>
<b>Reconciliation of Net loss to net cash provided by operating activities:</b>			
Operating Loss	\$( 56,572)	\$( 4,199)	\$( 60,771)
Adjustments to reconcile operating loss to net cash provided by operating activities:			
Depreciation expense	71,538	45,628	117,166
Change in assets and liabilities:			
Receivables	( 336)	2,031	1,695
Due to/ from other funds		2,100	2,100
Accounts and other payables	<u>( 1,571)</u>	<u>6,190</u>	<u>4,619</u>
Net Cash Provided by Operating Activities	<u>\$ 13,059</u>	<u>\$ 51,750</u>	<u>\$ 64,809</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**  
  
**STATEMENT OF NET ASSETS**  
**FIDUCIARY FUNDS - AGENCY FUNDS**  
**DECEMBER 31, 2004**

**Assets:**

Cash and cash equivalents	<u>\$ 723,776</u>
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**Liabilities:**

Due to Individuals	\$ 26,400
Undistributed Taxes	<u>697,376</u>
Total Liabilities	<u>\$ 723,776</u>

The accompanying notes are an integral part of these financial statements.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

**A. Reporting Entity -**

The Charter Township of China, Michigan, a Municipal Corporation, was organized as a Township on March 17, 1840, under provisions of the constitution and general law of the State of Michigan and became a Charter Law Township on October 2, 1989, under Public Act 359, the Charter Township Act. The Township is one of twenty-three Townships in St. Clair County and covers an area of approximately 32 square miles. The Township operates under an elected Township Board which consists of a Supervisor, Clerk, Treasurer, and four (4) Trustees, and provides services to its more than 3,200 residents in many areas including law enforcement, fire protection, water, sewer, roads, parks and natural resources, and planning and economic development.

**B. Government-wide and fund financial statements -**

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information on all the non-fiduciary activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type-activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods services, or privileges provided by a given function or segment. Taxes and other items not included among program revenues are reported as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

**C. Measurement focus, basis of accounting and financial statement presentation -**

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund and fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year they are intended to finance (the December 2003 levy in 2004). Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Agency funds, a type of fiduciary fund, are unlike all other types of funds, reporting only assets and liabilities. Therefore, agency funds cannot be said to have a measurement focus. They do, however, use the accrual basis of accounting to recognize receivables and payables.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (cont'd):**

Governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be *available* when they are collected within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgment are recorded only when payment is due.

State shared revenue, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and therefore have been recognized as revenues of the current fiscal period. Property taxes, which are levied and collected in December of each year, are budgeted and treated as revenue in the subsequent year. All other revenue items are considered to be measurable and available only when cash is received by the Township.

The Township reports the following major governmental funds:

**General Fund** – is the Township's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

**Township Fire Fund** – is a special revenue fund used to account for tax revenue restricted for fire service of the Township.

The Township reports the following major proprietary fund:

**Water Fund** – is used to account for the treatment and distribution of water to residential and commercial users.

**Sewer Fund** – is used to account for sanitary sewer services provided to the residential and commercial users.

Additionally, the Township reports the following fund types:

**Special Revenue Funds** – are used to account for the proceeds of specific revenue sources requiring separate accounting because of legal or regulation provisions or administrative actions.

**Agency Funds** – are used to account for assets held by the Township as an agent for other governments and other funds.



**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

Private sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for this business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenue and expenses for nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary funds principle on-going operations. The principle operating revenues of the Enterprise Funds is charged to customers for sales and services, administrative expense, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the Township's policy to use restricted resources first, the unrestricted resources, as they are needed.

**D. Assets, Liabilities and Net Assets or Equity –**

**Deposits and Investments –**

The Township's cash and cash equivalents are considered to be cash on hand and demand deposits. The investment trusts have the general characteristics of demand deposit accounts in that the Township may deposit additional cash at any time and effectively may withdraw cash at any time without prior notice or penalty, and are reported as cash and cash equivalents.

Investments are stated at fair value, which is determined as follows: (a) short-term investments are reported at cost, which approximates fair value; (b) securities traded on national or international exchanges are valued at the last reported sales price at current exchange rates; (c) investments that do not have established market values are reported at estimated fair value; and (d) cash deposits are reported at carrying amount which reasonable approximates fair value.

State statutes authorize the Township to deposit in the accounts of federally insured banks, credit unions, and savings and loan associations, and to invest in obligations of the U.S. Treasury, certain commercial paper, repurchase agreements, bankers acceptances, and mutual funds composed of otherwise legal investments (except those with a fluctuating per share value).

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Receivables and Payables –**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e. the current portion of interfund loans) or “advances to/from other funds” (i.e. the non-current portion of interfund loans). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances”.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of an allowance for uncollectible.

**Inventories and Prepaid Items –**

All inventories are valued at cost using the first in/first out (FIFO) method. Inventories of governmental funds are recorded as expenditures when purchased.

Certain payments to vendors reflect costs applicable to further accounting periods and are recorded as prepaid items in the statement of net assets.

**Property Tax Calendar –**

The Township’s property tax is levied each December 1 on the taxable value of property located in the Township as if the proceeding December 31. Property taxes are recognized as revenues in the year they were intended to finance (the 2003 levy is recognized in 2004 for the general fund).

The Township also collects taxes for various other municipalities and school districts. The collection and remittance of these taxes are accounted for in the Tax Collection Fund.

**Capital Assets –**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g. shared roads and bridge improvements, sidewalks, bike paths and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the Township as assets with an initial, individual cost of more than \$2,000 and an estimated useful life in excess of a year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

As permitted by GASB Statement No. 34, the Township has elected not to report governmental infrastructure assets (principally shared roads and bridge improvements) acquired prior to January 1, 2004.

Capital assets of the primary government, is depreciated using the straight line method over the following estimated useful lives:

	<u>Primary Government</u>
Land Improvements	10-25
Buildings and improvements	10-60
Utility systems	60
Equipment	5-20

**Compensated Absences –**

In accordance with contracts negotiated with the various employee groups of the Township, individual employees have vested rights upon termination of employment to receive payments for unused vacation and sick leave under formulas and conditions specified in the contracts.

**Long-Term Obligations –**

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net assets. Bond premiums and discounts, as well as issuance costs, if significant, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

**Fund Equity –**

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (cont'd):**

**Estimates –**

In preparing financial statements in conformity with accounting principles generally accepted in the United States of America, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

**NOTE 2 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY:**

**Budgetary Information –**

The Township Supervisor prepares and submits the proposed operating budgets for the year commencing January 1. The budgets include proposed expenditures and resources to finance them.

Prior to December 31, the proposed budget is presented to the Township Board. The Board holds a public hearing and may add to, subtract from, or change appropriations. The budget is then legally enacted through the passage of a Township Resolution. After the budget is adopted, all amendments must be approved by the Township Board.

The Township's approved budgets were adopted at the function level for the General Fund and Special Revenue Funds. The function level is the legal level requiring approval by the Board for amendments; however, for control purposes, all the budgets are maintained at the account level.

The Township does not employ encumbrance accounting as an extension of formal budgetary integration. All annual appropriations lapse at year end.

Michigan Public Act 621 of 1978, Section 18, as amended, provides that a local government unit shall not incur expenditures in excess of the amount appropriated.

During the fiscal year ended December 31, 2004, the Township incurred expenditures in the Special Revenue Funds, which were in excess of the amount appropriated as follows:

<u>Function/Activity</u>	<u>Total Appropriations</u>	<u>Amount Expended</u>	<u>Budget Variance</u>
Fire Fund –			
Public Safety	\$ 75,200	\$ 75,782	\$ 582
Building Inspections Fund –			
Public Safety	44,775	54,361	9,586

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 3 - DEPOSITS AND INVESTMENTS:**

As of December 31, 2004, the carrying amount of the deposits and investments is as follows:

	<u>Primary Government</u>	<u>Fiduciary Funds</u>	<u>Total</u>
Deposits –			
Checking	\$ 832,402	\$ 723,776	\$ 1,554,177
Certificates of deposit	<u>3,920,691</u>	<u>-</u>	<u>3,920,691</u>
Cash on hand –	4,753,093	723,776	5,474,868
Petty cash	<u>265</u>	<u>-</u>	<u>265</u>
	<u>\$ 4,753,358</u>	<u>\$ 723,776</u>	<u>\$ 5,475,133</u>
Reconciliation To Combined Balance Sheet			
Reported as Cash and Cash Equivalents –			
Deposits	\$ 3,526,750	\$ 723,776	\$ 4,250,526
Petty cash	<u>265</u>	<u>-</u>	<u>265</u>
Total Cash and Cash Equivalents	3,527,015	723,776	4,250,791
Reported as Investments –			
Deposits	<u>1,226,343</u>	<u>-</u>	<u>1,226,343</u>
Grant Total Combined Balance Sheet	<u>\$ 4,753,358</u>	<u>\$ 723,776</u>	<u>\$ 5,477,134</u>

**Deposits –**

The Township's investment policy and Act 217 PA 1982, as amended, authorizes the Township to deposit in certificates of deposit, savings accounts, depository accounts or depository receipts of a state or nationally chartered bank or a state or federally chartered savings and loan association, savings bank or credit union whose deposits are insured by an agency of the United States government and which maintains a principal office or branch office located in this State under the laws of this State or United States, but only if the bank, savings and loan association, savings bank or credit union is eligible to be a depository of surplus funds belonging to the State under Section 5 or 6 of Act 105 of the Public Acts of 1855, as amended, being section 21.145 and 21.146 of the Michigan Compiled Laws.

Federal Deposit Insurance Corporation (FDIC) regulations provide that deposits of governmental units are to be separately insured for the amount of \$100,000 for deposits in an insured institution for savings and demand deposits. Furthermore, if specific deposits are regulated by statute or bond indenture, these specific deposits are to be separately insured for the amount of \$100,000.

As of December 31, 2004, the bank balance of the Township's deposit was \$5,318,446, of which \$426,604 was FDIC insured with the balance \$4,891,842 uninsured and uncollateralized.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 4 – INTERFUND RECEIVABLES AND PAYABLES:**

<u>Receivable Fund</u>	<u>Amount</u>	<u>Payable Fund</u>	<u>Amount</u>
General Fund	<u>\$ 121,462</u>	Fire Fund	\$ 9,274
		Public Improvements	112,188
			<u>121,462</u>
Water Fund	1,500	General Fund	<u>5,000</u>
Sewer Fund	1,500		
Public Improvements Fund	<u>2,000</u>		
	<u>5,000</u>		
Total	<u>\$ 126,462</u>		<u>\$ 126,462</u>

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 5 - CAPITAL ASSETS:**

**Primary Government**

Capital asset activity of the primary government for the year ended December 31, 2004 was as follows:

	<u>Jan. 1, 2004</u> <u>Balance</u>	<u>Additions</u>	<u>Deletions/</u> <u>Adjustments</u>	<u>Dec. 31, 2004</u> <u>Balance</u>
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 195,522	\$ -	\$ -	\$ 195,522
Capital assets, being depreciated:				
Land improvements	1,064,556	18,140	-	1,082,696
Buildings and improvements	120,263	-	-	120,263
Equipment	4,597	4,022	-	8,619
Total capital assets being depreciated	<u>1,189,416</u>	<u>22,162</u>	<u>-</u>	<u>1,211,578</u>
Less accumulated depreciation	( 85,928)	( 55,463)	( -)	( 141,391)
Total capital assets being depreciated, net	<u>1,103,488</u>	<u>( 33,301)</u>	<u>-</u>	<u>1,070,187</u>
Governmental activities capital assets, net	1,299,010	( 33,301)	-	1,265,709
<b>Business Type Activities:</b>				
Capital assets, not being depreciated:				
Land	<u>8,584</u>	<u>-</u>	<u>-</u>	<u>8,584</u>
Capital assets, being depreciated:				
Plant and Buildings	4,391,584	56,255	-	4,447,839
Mains and extensions	1,416,752	-	-	1,416,752
Equipment	2,484	-	-	2,484
Total capital assets being depreciated	<u>5,810,820</u>	<u>56,255</u>	<u>-</u>	<u>5,867,075</u>
Less accumulated depreciation	<u>( 1,191,818)</u>	<u>( 117,166)</u>	<u>-</u>	<u>( 1,308,984)</u>
Total capital assets being depreciated, net	<u>4,619,002</u>	<u>( 60,911)</u>	<u>-</u>	<u>4,558,091</u>
Business activities capital assets, net	<u>\$ 4,627,586</u>	<u>\$( 60,911)</u>	<u>\$ -</u>	<u>\$ 4,566,675</u>

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 5 - CAPITAL ASSETS - (cont'd):**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General Government	\$ 1,879
Recreation and Culture	<u>53,584</u>
 Total depreciation expense-governmental activities	 <u>\$ 55,463</u>
 Business-type activities:	
Water and Sewer Operation	<u>\$ 117,166</u>

**NOTE 6 – PROPERTY TAXES:**

The Township property taxes are levied each December on the taxable valuation of the property located in the Township as of the preceding December 31. On December 1, the property tax attachment is an enforceable lien on property and is payable by the last day of the following February.

Although the Township's ad valorem tax is levied and collectible on December 1, it is the Township's policy to recognize in governmental fund types revenues from the current tax levy in the subsequent year when the proceeds of this levy are budgeted and made available for the financing of Township operations.

Assessed values are established annually by the Township and are equalized by the State at an estimated percentage of the current market value. A taxable value is established on which taxes are calculated. Real and personal property in the Township for the 2004 and 2003 levies have a taxable value of \$466,616,791 and \$453,649,261, respectively.

The property taxes levied at December 1, are accrued as current taxes receivable with the appropriate deferral and are budgeted as revenue in the subsequent year in the General Fund. The property taxes levied for the Water Plant debt (an Enterprise Fund) are accrued as current taxes receivable and recognized when the tax is levied (December 1).

The millages for the Charter Township of China levied on December 1, 2004 and 2003 is 2.3290 mills and 2.3953 mills, respectively, which is allocated in the following manner:

	<u>2004</u>	<u>2003</u>
Township operating tax rate	1.0000 mills	1.0000 mills
 Roads	 1.0000	 1.0000
 Water Plant debt	 <u>.3290</u>	 <u>.3953</u>
	<u>2.3290 mills</u>	<u>2.3953 mills</u>



**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 7 – DEFERRED REVENUE:**

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds and business funds defer revenue recognition in connection with resources that have been received, but not earned or are received in advance of the period they are intended to finance. At the end of the current fiscal year the component of deferred revenue and unearned revenue reported in the governmental funds was follows:

	<u>Unavailable</u>	<u>Unearned</u>
<b><u>Governmental-Type Activities:</u></b>		
General Fund –		
Property Taxes	\$ _____ -	\$ 933,218
Fire Fund –		
Special Assessment	_____	85,770
<b><u>Business-Type Activities:</u></b>		
Water Fund	\$ _____ -	\$ 1,875

**NOTE 8 - LONG-TERM LIABILITIES:**

The following is a summary of changes in long-term liabilities (including current portion) of the Primary Government for the year ended December 31, 2004:

	<u>Balance January 1, 2004</u>	<u>Reductions</u>	<u>Balance December 31, 2004</u>	<u>Due Within One Year</u>
<b><u>Business-type Activities:</u></b>				
Sewage Disposal System				
Contract payable –				
1989 Refunding Bonds	\$ 91,136	\$ 45,568	\$ 45,568	\$ 45,568
Water Supply System				
Contract payable –				
1999 Special Assessment Bonds	445,000	15,000	430,000	15,000
2000 Department of Environmental Quality Bonds	<u>2,380,092</u>	<u>114,026</u>	<u>2,266,066</u>	<u>117,238</u>
	<u>\$ 2,916,228</u>	<u>\$ 174,594</u>	<u>\$ 2,741,634</u>	<u>\$ 177,806</u>

Significant details regarding outstanding long-term liabilities (including current portions) are presented as follows:

**Sewage Disposal System - Contract Payable – Refunding Bonds:**

On July 1, 1989, St. Clair County issued \$2,365,000 in Sewage Disposal System Limited Tax General Obligation Bonds to advance refund the 1985 Sewage Disposal System Limited General Obligation Refunding Bonds, totaling \$2,150,000. The proceeds of the refunding issue have been placed by St. Clair County in a special escrow account and have been invested in securities of the United States Government and its agencies. The maturities of these investments coincide with the principal and interest payment dates of the extinguished debt and are sufficient to pay all principal and interest when due. Therefore, the amount of debt that is considered extinguished at the end of the year is not reported as a contract liability at year end.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 8 - LONG-TERM LIABILITIES - (cont'd):**

The amount is apportioned between the Charter Townships of East China and China in the ratio of 71.52% and 28.48%, respectively.

In order to pay such amounts to the County for the refunding bonds, the Township is obligated, to the extent necessary, to levy ad valorem taxes without limitations as to the rate or amount on all taxable property located in the Township. The Township currently levies taxes to service the debt. Upon final payment of the respective bond issue, ownership of 71.52% of the system will revert to the Township.

The balance of the contract payable at December 31, 2004, which represents the 71.52% apportioned to the Charter Township of East China, is \$114,432. The annual requirement to pay the debt principal and interest of the Sewage Disposal 1989 Refunding Bonds is as follows:

<u>Year Ending December 31,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
2005	6.90 %	<u>\$ 45,568</u>	<u>\$ 1,572</u>	<u>\$ 47,140</u>

**Water Supply System 1997 Special Assessment Bonds:**

The Charter Township of China has one Water Supply System Special Assessment Bond issue outstanding at December 31, 2003, from which the proceeds were used for Water System construction. The Special Assessment Water Bonds, dated July 1, 1997, (original issue \$520,000) are due in annual installments ranging from \$15,000-\$20,000 through July 1, 2027, with interest ranging from 4.8% to 5.9%, payable semi-annually.

<u>Year Ending December 31,</u>	<u>Interest Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
2005	4.80 %	\$ 15,000	\$ 23,735	\$ 38,735
2006	4.90	15,000	23,008	38,008
2007	5.00	15,000	22,265	37,265
2008	5.10	15,000	21,508	36,508
2009	5.20	15,000	20,735	35,735
2010-2027	5.30-5.90	<u>355,000</u>	<u>200,986</u>	<u>555,986</u>
		<u>\$ 430,000</u>	<u>\$ 312,237</u>	<u>\$ 742,237</u>

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 8 - LONG-TERM LIABILITIES - (cont'd):**

**Water Supply System 1999 Department of Environmental Quality Bonds:**

In order to finance the cost of constructing a new Water Filtration Plant, the Charter Township of China along with the Charter Township of East China through the St. Clair County Department of Public Works have participated in the Drinking Water Revolving Fund through which Department of Environmental Quality Bonds have been sold in the amount of \$7,500,000 and \$925,000.

The amount is apportioned between the Charter Township of China and East China in the ratio of 32.12% and 67.88%, respectively.

The Townships are required to make payments to the DPW to meet debt service requirements. It is the intention of the Charter Township of China to pay the obligation for Issue A to the County from property taxes, and Issue B from connection charges and operating revenues from the system. Upon final payment of the respective bond issues ownership of 32.12% of the system will revert to the Township.

The balance of the Issue A and Issue B bonds payable at December 31, 2004, which represent the 32.12% apportioned to the Charter Township of China is \$2,017,136 and \$248,930, respectively. The annual requirements to pay the principal and interest on the Issue A and Issue B Department of Environment Quality Bonds are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Interest</u> <u>Rate</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Due</u>
2005	2.5%	\$ 117,238	\$ 54,919	\$ 172,157
2006	2.5	118,844	51,968	170,812
2007	2.5	122,056	48,957	171,013
2008	2.5	126,874	46,112	172,986
2009	2.5	128,480	42,920	171,400
2010-2020	2.5	<u>1,652,574</u>	<u>234,321</u>	<u>1,886,895</u>
		<u>\$2,266,066</u>	<u>\$ 479,197</u>	<u>\$ 2,745,263</u>

**NOTE 9 - OPERATION OF SEWAGE DISPOSAL AND WATER SYSTEMS:**

The Charter Townships of China and East China entered into an agreement with St. Clair County to acquire and construct a sewage disposal system and water system. The County has completed construction of the systems and is leasing them to the Townships. The Townships have contracted with the St. Clair River Sewer and Water Authority, a public corporation established by the Townships, for the operation, maintenance and administration of the project as permitted by the contract with the County. Upon final payment of the bond issues described in Note 7, ownership in the systems will revert to the Townships. The St. Clair River Sewer and Water Authority is reported in the annual financial statements of the Charter Township of East China as a discretely presented component unit. The Authority does not report the Utility Fixed Assets on its Balance Sheet. The Townships report the respective equity portion of the Fixed Assets on the Balance Sheets of the respective Sewer and Water Funds.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 10 - DEFERRED COMPENSATION:**

The Township offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan permits the employee to defer a portion of their salary until future years. The deferred compensation is not available until termination, retirement, death, or unforeseeable emergency.

A trust, custodial account or annuity contract exists. Assets are owned or held by the trust, custodian or insurer for the exclusive benefit of participants and beneficiaries, and are not subject to the claims of public employer creditors nor can they be used by the public employer for any purpose other than the payment of benefits to those individuals participating in the plan or their designated beneficiaries.

As part of its fiduciary role, the Township has an obligation of due care in selecting the third party administrator. The Township believes it has acted in a prudent manner and is not liable for losses that may arise from the administration of the plan.

**NOTE 11 - PRINCIPAL TAXPAYER AND UTILITY CUSTOMER:**

The Detroit Edison located within the Township provides a significant portion of both property tax and utility revenue. Such revenue and the approximate percentage of the total individual revenues for the year ended December 31, 2004, are summarized below:

	<u>Approximate Percentage</u>
Property taxes - General operating	70 %
- Roads	70
- Water system debt	70
Special assessments – fire	70
Sewer Services	71
Water Services	19

**NOTE 12 - RISK MANAGEMENT:**

The Township is exposed to various risks of loss related to property loss, torts, errors and omissions, Injuries to employees, medical benefits provided to employees, etc. The Township has purchased insurance coverage for each of these types of losses; however, the Township would be responsible should the limit of coverage's be exceeded.

**NOTE 13 - CONTINGENT LIABILITIES:**

**Primary Government –**

One of the Township's major taxpayers, the Detroit Edison Company, is appealing its tax assessments for the 2002, 2003 and 2004 tax assessments. The taxpayer has paid the contested amount. Should the taxpayer prevail, the Township would be required to refund approximately \$814,032 plus interest for 2002 and 2003 tax levy. In addition, the Township would be required to refund approximately another \$413,112 for 2004 tax levy. The Township has designated a portion of fund balance for the contested amounts (See Note 15). The Township intends to vigorously defend the original assessments and believes they will prevail. Due to the matter of the appeal, it is impossible to estimate any potential liability, if any.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 14 - PRIOR PERIOD ADJUSTMENTS:**

**Governmental Funds:**

A prior period adjustment of \$37,806 was made in the General Fund to recognize nonexchange state shared revenues collected within 60 days, therefore increasing fund balance as reported at December 31, 2003 from \$1,539,090 to \$1,576,896.

**Proprietary Funds:**

A prior period adjustment of \$552,923 was recorded to the Water Fund and \$1,014,986 to the Sewer Fund retained earnings at December 31, 2003, to discontinue the reporting of contributed capital as separate components of fund equity as required by GASB No. 33. In addition, a prior period adjustment of \$21,131 was recorded to the Water Fund at December 31, 2003, to adjust liabilities. Therefore, net assets at December 31, 2003, as reported on the statement of revenues, expenses and changes in net assets, increased from \$838,212 to \$13,912,266 in the Water Fund and from \$1,004,258 to \$2,019,224 in the Sewer Fund.

**NOTE 15 - RESTATEMENTS:**

As of and for the year ended December 31, 2004, the Township implemented the following Governmental Accounting Standards Board pronouncements:

**Statements**

- No. 34 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*
- No. 36 – *Recipient Reporting for Certain Shared Nonexchange Revenues – An Amendment of GASB No. 33*
- No. 37 – *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments: Omnibus*
- No. 38 – *Certain Financial Statement Note Disclosures*

**Interpretation**

- No. 6 – *Recognition and Measurement of Certain Liabilities and Expenditures in Governmental Fund Financial Statements*

The above pronouncements are all related to the new financial reporting requirements for all state and local governments.

**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**NOTES TO FINANCIAL STATEMENTS**  
**DECEMBER 31, 2004**

**NOTE 15 – RESTATEMENTS – (cont’d):**

The more significant of the changes required by the new standards include:

- Management’s discussion and analysis;
- Basic financial statements that include:
  - Government-wide financial statements, prepared using the economic resources measurement focus and the accrual basis of accounting;
  - Fund financial statements, consisting of a series of statements that focus on a government’s major governmental funds and enterprise funds;
  - Schedules to reconcile the fund financial statements to the government-wide financial statements’
- Required supplementary information, including certain budgetary schedules.

As a result of implementing these pronouncements for the fiscal year ended December 31, 2004, the following restatements were made to net assets at December 31, 2003:

***Government-wide financial statements.*** Beginning net assets for governmental activities were determined as follows:

Fund balances of general, special revenue, debt service and capital projects funds as of January 1, 2004	\$ 3,265,874
	<u>37,806</u>
	3,303,680
 Add: capital assets	 1,384,938
Less: accumulated depreciation on capital assets	<u>( 85,928)</u>
 Net Assets at 2004	 <u>\$ 4,602,690</u>

## **REQUIRED SUPPLEMENTARY INFORMATION**

# CHARTER TOWNSHIP OF CHINA

St. Clair County, Michigan

## STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE

### GENERAL FUND

### BUDGET AND ACTUAL

FOR THE YEAR ENDED DECEMBER 31, 2004

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Taxes	\$ 911,200	\$ 907,400	\$ 907,028	\$ ( 372)
Licenses and permits	200	200	241	41
Intergovernmental	241,425	240,819	237,786	( 3,033)
Charges for services	4,400	3,400	3,014	( 386)
Interest and rent	12,000	17,894	27,085	9,191
Other revenues	100,600	500	41,344	40,844
Total Revenues	<u>1,269,825</u>	<u>1,170,213</u>	<u>1,216,498</u>	<u>46,285</u>
<b>Expenditures:</b>				
General Government -				
Legislative	129,443	122,343	113,533	8,810
Supervisor	31,309	30,749	30,686	63
Elections	9,485	10,075	6,132	3,943
Clerical administrator	38,999	38,899	35,930	2,969
Assessor	34,923	34,738	35,552	( 814)
Clerk's department	24,235	22,010	20,782	1,228
Board of review	1,450	900	1,237	( 337)
Treasurer's department	35,204	34,569	32,637	1,932
Building and grounds	234,143	228,042	216,154	11,888
	<u>539,191</u>	<u>522,325</u>	<u>492,643</u>	<u>29,682</u>
Public Safety -				
Sheriff patrol	110,000	110,000	106,450	3,550
Constable	920	870	929	( 59)
Ordinance enforcement officer	2,450	500	260	240
Planning Commission	26,250	26,100	24,622	1,478
Board of appeals	3,710	2,950	1,951	999
	<u>143,330</u>	<u>140,420</u>	<u>134,212</u>	<u>6,208</u>
Public Works -				
Roads and bikepaths	1,362,000	460,000	260,880	199,120
Street lights	4,500	4,500	5,043	( 543)
Drains	38,000	38,000	7,226	30,774
	<u>1,404,500</u>	<u>502,500</u>	<u>273,149</u>	<u>229,351</u>
Recreation and Cultural -	<u>62,525</u>	<u>49,800</u>	<u>40,985</u>	<u>8,815</u>

Continued



**CHARTER TOWNSHIP OF CHINA**

**St. Clair County, Michigan**

**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**

**GENERAL FUND**

**BUDGET AND ACTUAL**

**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Expenditures - (cont'd):</b>				
Other	208,998	208,998	-	208,998
Total Expenditures	2,358,544	1,424,043	940,989	483,054
 Excess of revenues over (under) expenditures	( 1,088,719)	( 253,830)	275,509	529,339
<b>Other Financing Uses:</b>				
Transfers out	( 400,000)	( 400,000)	-	400,000
Net change in Fund Balance	( 1,488,719)	( 653,830)	275,509	929,339
Fund Balance at beginning of year	1,505,308	1,505,308	1,539,090	33,782
Prior Period Adjustment	-	-	37,806	37,806
Fund Balance at beginning of year as restated	1,505,308	1,505,308	1,576,896	71,588
Fund Balance at end of year	\$ 16,589	\$ 851,478	\$ 1,852,405	\$ 1,000,927

Concluded

**CHARTER TOWNSHIP OF CHINA****St. Clair County, Michigan****STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****FIRE FUND****BUDGET AND ACTUAL****FOR THE YEAR ENDED DECEMBER 31, 2004**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Interest	\$ 12,000	\$ 12,000	\$ 12,850	\$ 850
Special Assessments	90,740	90,740	83,610	( 7,130)
Total Revenues	<u>102,740</u>	<u>102,740</u>	<u>96,460</u>	<u>(6,280)</u>
<b>Expenditures:</b>				
Public Safety -				
Professional Fees	200	200	200	-
Fire Protection	25,000	25,000	24,173	827
Fire Authority	50,000	50,000	51,409	( 1,409)
Total Expenditures	<u>75,200</u>	<u>75,200</u>	<u>75,782</u>	<u>( 582)</u>
Excess of revenues over expenditures	27,540	27,540	20,678	( 6,862)
Fund Balance at beginning of year	<u>1,225,274</u>	<u>1,225,274</u>	<u>1,237,388</u>	<u>12,114</u>
Fund Balance at end of year	<u>\$ 1,252,814</u>	<u>\$ 1,252,814</u>	<u>\$ 1,258,066</u>	<u>\$ 5,252</u>

## **SUPPLEMENTARY INFORMATION**

**CHARTER TOWNSHIP OF CHINA**

St. Clair County, Michigan

**COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
DECEMBER 31, 2004**

	Special Revenue Funds		
	Public Improvement	Building Inspection	Total
<b>ASSETS</b>			
<b>Current assets -</b>			
Cash and cash equivalents	\$ 484,679	\$ 124,477	\$ 609,156
Due from other funds	2,000	-	2,000
Total Assets	<u>\$ 486,679</u>	<u>\$ 124,477</u>	<u>\$ 611,156</u>
 <b>LIABILITIES AND FUND BALANCE</b>			
<b>Liabilities:</b>			
Accounts payable	\$ -	\$ 8,253	\$ 8,253
Due to other funds	-	112,188	112,188
Total Liabilities	<u>-</u>	<u>120,441</u>	<u>120,441</u>
 <b>Fund Balance:</b>			
Unreserved -			
Undesignated	486,679	4,036	490,715
Total Fund Balance	<u>486,679</u>	<u>4,036</u>	<u>490,715</u>
 Total Liabilities and Fund Balance	<u>\$ 486,679</u>	<u>\$ 124,477</u>	<u>\$ 611,156</u>

**CHARTER TOWNSHIP OF CHINA****St. Clair County, Michigan****COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES  
NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2004**

	<u>Special Revenue Funds</u>		
	<u>Public Improvements</u>	<u>Building Inspection</u>	<u>Total</u>
<b>Revenues:</b>			
Interest	\$ 5,198	\$ -	\$ 5,198
Licenses and permits	-	50,482	50,482
Total Revenues	<u>5,198</u>	<u>50,482</u>	<u>55,680</u>
<b>Expenditures:</b>			
Public Safety	<u>-</u>	<u>54,361</u>	<u>54,361</u>
Excess of revenues over (under) expenditures	5,198	( 3,879)	1,319
Fund Balances at beginning of year	<u>481,481</u>	<u>7,915</u>	<u>489,396</u>
Fund Balances at end of year	<u><u>\$ 486,679</u></u>	<u><u>\$ 4,036</u></u>	<u><u>\$ 490,715</u></u>

**CHARTER TOWNSHIP OF CHINA****St. Clair County, Michigan****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****NONMAJOR SPECIAL REVENUE FUNDS****BUDGET AND ACTUAL****FOR THE YEAR ENDED DECEMBER 31, 2004****PUBLIC IMPROVEMENT FUND**

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues:</b>				
Interest	\$ 8,700	\$ 8,700	\$ 5,198	\$ ( 3,502)
<b>Expenditures:</b>				
General government	2,500	2,500	-	2,500
Public works- roads	500,000	500,000	-	500,000
	<u>502,500</u>	<u>502,500</u>	<u>-</u>	<u>502,500</u>
Excess of revenues over (under) expenditures	( 493,800)	( 493,800)	5,198	498,998
<b>Other financing sources</b>				
Transfer in	<u>400,000</u>	<u>400,000</u>	<u>-</u>	<u>( 400,000)</u>
Net change in fund balance	( 93,800)	( 93,800)	5,198	98,998
Fund Balance at beginning of year	<u>479,882</u>	<u>479,882</u>	<u>481,481</u>	<u>1,599</u>
Fund Balance at end of year	<u>\$ 386,082</u>	<u>\$ 386,082</u>	<u>\$ 486,679</u>	<u>\$ 100,597</u>

**CHARTER TOWNSHIP OF CHINA****St. Clair County, Michigan****SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE****NONMAJOR SPECIAL REVENUE FUNDS****BUDGET AND ACTUAL****FOR THE YEAR ENDED DECEMBER 31, 2004****BUILDING INSPECTION FUND****Revenues:**

Licenses and permits	\$ 30,000	\$ 30,000	\$ 50,482	\$ 20,482
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**Expenditures:**

Public safety				
Building inspector	27,270	27,100	27,360	\$ ( 260)
Plumbing/Htg/Mechanical inspector	10,020	9,650	12,119	( 2,469)
Electrical	7,855	7,825	14,682	( 6,857)
Professional fees	200	200	200	-
	<u>45,345</u>	<u>44,775</u>	<u>54,361</u>	<u>( 9,586)</u>

Excess of revenues under expenditures	( 15,345)	( 14,775)	( 3,879)	10,896
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Fund balance at beginning of year	<u>15,345</u>	<u>14,775</u>	<u>7,915</u>	<u>( 6,860)</u>
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Fund balance at end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,036</u>	<u>\$ 4,036</u>
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## **FIDUCIARY FUNDS**



**CHARTER TOWNSHIP OF CHINA**  
**St. Clair County, Michigan**

**COMBINING STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**AGENCY FUNDS**  
**FOR THE YEAR ENDED DECEMBER 31, 2004**

	Balance January 1, 2004	Additions	Deductions	Balance December 31, 2004
<b>TOTAL ALL AGENCY FUNDS</b>				
<b>Assets:</b>				
Cash and cash equivalents	\$ 442,572	\$ 15,025,719	\$ 14,744,515	\$ 723,776
<b>Liabilities:</b>				
Due to -				
Other Funds	\$ -	\$ 2,606	\$ 2,606	\$ -
Individuals	20,700	21,000	15,300	26,400
Undistributed Taxes	421,872	15,000,913	14,725,409	697,376
Total Liabilities	\$ 442,572	\$ 15,024,519	\$ 14,743,315	\$ 723,776

**CURRENT TAX COLLECTION FUND**

<b>Assets:</b>				
Cash and cash equivalents	\$ 421,872	\$ 15,003,519	\$ 14,728,015	\$ 697,376
<b>Liabilities:</b>				
Due to other funds	\$ -	\$ 2,606	\$ 2,606	\$ -
Undistributed taxes	421,872	15,000,913	14,725,409	697,376
Total Liabilities	\$ 421,872	\$ 15,003,519	\$ 14,728,015	\$ 697,376

**PERFORMANCE BOND CUSTODIAL FUND**

<b>Assets:</b>				
Cash and cash equivalents	\$ 20,700	\$ 22,200	\$ 16,500	\$ 26,400
<b>Liabilities:</b>				
Due to individuals	\$ 20,700	\$ 21,000	\$ 15,300	\$ 26,400